KPMG

Financial Statements of

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Year ended March 31, 2000

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AUDITORS' REPORT

To the Members of the Legislative Assembly
Province of Saskatchewan

We have audited the statement of financial position of Saskatchewan Agricultural Stabilization Fund as at March 31, 2000 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Fund's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Regina, Canada
May 29, 2000

101-01875/

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Financial Position
As at March 31

	Waterfowl Account		New Crops Insurance Account		Big Game Damage Account		Agricultural Income Disaster Assistance Account		Unseeded Acreage Benefit Account		Canada-Saskatchewan Adjustment Account		Total	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Assets														
Cash	$ 366,943	$ 28,542	$ —	$ —	$ 905,107	$ 242,092	$ —	$ —	$ 86,364	$ —	$ —	$ —	$ 1,295,414	$ 270,634
Investments (note 5)	15,100,000	19,064,636	—	—	9,000,000	10,124,040	—	—	—	—	—	—	24,100,000	29,188,676
Due from Province of Saskatchewan - General Revenue Fund (note 4)	1,805,000	—	27,214,195	25,952,804	820,000	—	130,000,000	140,000,000	310,662	—	80,000,000	—	240,150,157	165,952,804
	—	—	—	—	—	—	—	—	—	—	180,000,000	—	180,000,000	—
Due from Government of Canada	—	—	—	—	—	—	—	—	6,784	—	—	—	383,692	397,796
Accrued interest and other receivables	9,320	57,842	241,078	218,282	24,910	21,671	—	—	—	—	—	—		
	$ 17,221,263	$ 19,151,020	$ 27,455,273	$ 26,171,086	$ 10,749,017	$ 10,387,803	$ 130,000,000	$ 140,000,000	$ 403,410	$ —	$ 260,000,000	$ —	$ 445,929,263	$ 195,809,909
Liabilities and Net Assets														
Accounts payable and accrued liabilities	44,259	256,521	—	—	352	3,240	—	—	12,297	—	559,680,000	—	259,656,856	231,561
Due to the Saskatchewan Crop Insurance Corporation	—	—	112,401	—	—	—	—	—	—	—	400,000	—	512,401	—
	—	—	—	—	—	—	130,000,000	70,000,000	391,113	—	—	—	130,391,113	70,000,000
Due to Government of Canada	—	—	—	—	—	—	—	—	—	—	—	—	28,336,587	31,661,120
Deferred revenue	9,479,309	11,640,761	14,943,799	15,000,000	3,913,879	4,360,359	—	—	—	—	—	—	418,896,959	101,232,681
	9,523,568	11,869,682	15,056,200	15,000,000	3,913,801	4,363,599	130,000,000	70,000,000	403,410	—	260,000,000	—		
	7,697,715	7,281,338	12,399,073	11,171,086	6,835,216	6,024,204	—	70,000,000	—	—	—	—	27,032,304	94,577,228
Net Assets														
	$ 17,221,263	$ 19,151,020	$ 27,455,273	$ 26,171,086	$ 10,749,017	$ 10,387,803	$ 130,000,000	$ 140,000,000	$ 403,410	$ —	$ 260,000,000	$ —	$ 445,929,263	$ 195,809,909

See accompanying notes to financial statements

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Operations and Changes in Net Assets
For the Year Ended March 31

	Waterfowl Account		New Crops Insurance Account		Big Game Damage Account		Agricultural Income Disaster Assistance Account		Unseeded Acreage Benefit Account		Canada-Saskatchewan Adjustment Account		Total	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Revenue														
Interest income	$ 772,229	$ 622,394	$ 1,284,487	$ 1,080,729	$ 437,892	$ 354,213	$ ---	$ ---	$ 31,420	$ ---	$ ---	$ ---	$ 2,526,028	$ 2,057,336
Province of Saskatchewan														
- General Revenue Fund grant programs	1,805,600	1,898,077	---	---	820,000	959,498	35,000,000	140,000,000	3,310,662	---	80,000,000	---	121,135,662	142,857,485
Government of Canada	2,161,452	280,181	56,701	---	446,880	264,978	---	---	5,265,993	---	180,000,000	---	187,930,526	325,159
	4,739,681	2,780,652	1,341,188	1,080,729	1,704,772	1,578,599	35,000,000	140,000,000	8,608,075	---	260,000,000	---	311,592,216	145,439,980
Expenses														
Administration	---	---	---	---	---	---	---	---	---	---	---	---	5,329,065	1,050,316
Indemnities	4,322,904	530,361	112,401	---	893,760	529,955	---	---	8,608,075	---	259,000,000	---	268,408,075	---
Loans to Producers	---	---	---	---	---	---	---	---	---	---	---	---	105,000,000	70,000,000
Transfers to the Government of Canada	---	---	---	---	---	---	105,000,000	70,000,000	---	---	---	---	800,000	---
	---	---	---	---	---	---	---	---	---	---	1,000,000	---	800,000	---
	4,322,904	530,361	112,401	---	893,760	529,955	105,000,000	70,000,000	8,608,075	---	260,000,000	---	379,137,140	71,050,316
Excess (deficiency) of revenue over expenses for the year	416,777	2,250,291	1,228,787	1,080,729	811,012	1,048,644	(70,000,000)	70,000,000	---	---	---	---	(67,544,924)	74,389,664
Net Assets, beginning of year	7,281,938	5,031,647	11,271,086	10,190,357	6,024,204	4,975,560	70,000,000	---	---	---	---	---	94,577,278	20,187,564
Net Assets, end of year	$ 7,697,715	$ 7,281,938	$ 12,499,873	$ 11,271,086	$ 6,835,216	$ 6,024,204	$ ---	$ 70,000,000	$ ---	$ ---	$ ---	$ ---	$ 27,032,354	$ 94,577,278

See accompanying notes to financial statements

SASKATCHEWAN AGRICULTURAL STABILIZATION FUND

Statement of Cash Flows
For the Year Ended March 31

	Waterfowl Account		New Crop Insurance Account		Big Game Damage Account		Agricultural Income Disaster Assistance Account		Unseeded Acreage Benefit Account		Canada-Saskatchewan Adjustment Account		Total	
	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
Cash Flows from operating activities:														
Cash receipts from the Government of Canada	$ —	$ 11,898,077	$ —	$ 15,000,000	$ —	$ 5,768,788	$ —	$ —	$ 5,657,106	$ —	$ —	$ —	$ 5,657,106	$ 32,666,865
Cash receipts from the General Revenue Fund	1,805,000	1,898,077	—	—	820,000	959,898	35,000,000	140,000,000	3,510,662	—	80,000,000	—	121,135,662	142,857,485
Cash refunds from producers	—	—	—	—	—	3,978	—	—	—	—	—	—	—	1,778,970
Interest received	829,750	583,889	1,261,691	821,639	432,688	332,342	—	—	58,056	—	—	—	2,540,131	—
Cash paid to the Government of Canada	—	—	—	—	—	—	(45,000,000)	—	—	—	—	—	(45,000,000)	(819,316)
Cash paid to producers	(4,596,906)	(292,049)	—	—	(896,670)	(527,276)	—	—	(8,795,778)	—	—	—	(14,199,442)	
Net increase (Decrease) in cash and cash equivalents	(1,881,235)	14,088,993	1,261,691	15,821,639	355,975	6,537,440	(10,000,000)	140,000,000	397,026	—	80,000,000	—	70,133,457	176,447,982
Cash and cash equivalents at beginning of period	19,093,178	5,005,175	25,952,804	10,131,165	10,366,132	3,828,692	140,000,000	—	—	—	—	—	195,412,114	18,965,032
Cash and cash equivalents at end of period	$ 17,211,943	$ 19,093,178	$ 27,214,495	$ 25,952,804	$ 10,722,107	$ 10,366,132	$ 130,000,000	$ 140,000,000	$ 397,026	$ —	$ 80,000,000	$ —	$ 265,545,571	$ 195,412,114
Cash and cash equivalents include:														
Cash	$ 906,943	$ 28,542	$ —	$ —	$ 902,107	$ 282,092	$ —	$ —	$ 86,364	$ —	$ —	$ —	$ 1,295,414	$ 270,634
Investments	15,000,000	19,064,636	—	—	9,000,000	10,124,040	—	—	—	—	—	—	24,000,000	29,188,676
Due from the Province of Saskatchewan – General Revenue Fund	1,805,000	—	27,214,495	25,952,804	820,000	—	130,000,000	140,000,000	310,662	—	80,000,000	—	240,150,157	165,952,804
	$ 17,211,943	$ 19,093,178	$ 27,214,495	$ 25,952,804	$ 10,722,107	$ 10,366,132	$ 130,000,000	$ 140,000,000	$ 397,026	$ —	$ 80,000,000	$ —	$ 265,545,571	$ 195,412,114

See accompanying notes to financial statements

Saskatchewan Agricultural Stabilization Fund
Notes to the Financial Statements
As at March 31, 2000

1. Status of the Fund

The Saskatchewan Agricultural Stabilization Fund was established under *The Farm Financial Stability Act*.

The following programs have separate accounts within the Fund:

New Crops Insurance Program:
The New Crops Insurance Program was established in the 1996-97 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate the Corporation for insurance losses on new or developmental crops.

Big Game Damage Compensation Program:
The Big Game Damage Compensation Program was established in the 1996-97 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops and stacked hay resulting from damage caused by big game.

Waterfowl Damage Compensation Program:
The Waterfowl Damage Compensation Program was established in the 1997-98 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to compensate producers of commercial agricultural crops for losses to field crops resulting from damage caused by waterfowl.

Agricultural Income Disaster Assistance (AIDA) Program:
The AIDA Program was established in the 1998-99 fiscal year pursuant to Part IV of *The Farm Financial Stability Act* and is administered by Saskatchewan Agriculture and Food. The purpose of the program is to facilitate the participation of Saskatchewan in a federal-provincial initiative to enhance or stabilize the income of farmers. This initiative, administered by the Federal Government, is to assist producers facing a serious decline in their profit margins for the 1998 and 1999 claim years, due to circumstances beyond their control.

Unseeded Acreage Benefit Program:
The Unseeded Acreage Benefit Program was established in the 1999-2000 fiscal year pursuant to Part IV of The Farm Financial Stability Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to provide assistance to non-Crop Insurance program participants for the 1999-2000 crop year and were unable to seed on or before June 25, 1999 due to excessive spring moisture conditions.

Canada-Saskatchewan Adjustment Program (CSAP):
The Canada-Saskatchewan Adjustment Program was established in the 1999-2000 fiscal year pursuant to Part IV of The Farm Financial Stability Act and is administered by the Saskatchewan Crop Insurance Corporation. The purpose of the program is to enhance or stabilize the incomes of Saskatchewan farmers.

In the event that the programs terminate, any remaining net assets must be returned to the Government of Saskatchewan's General Revenue Fund.

2. Significant accounting policies

These financial statements have been prepared in accordance with generally accepted accounting principles.

Investments:
Investments are recorded at cost less any write down required to reflect a permanent impairment in value.

Cash and Cash Equivalents:
Cash and cash equivalents consist of cash, short-term investments with a maturity of 90 days or less, the Fund's bank accounts which are included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan (note 3) and all other amounts Due from the Province of Saskatchewan General Revenue Fund.

Use of Estimates:
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimated.

Revenue Recognition:
Funding received from the Federal Government is considered to be externally restricted and as a result is deferred until the program itself incurs expenses. The Waterfowl and Big Game Damage Compensation programs are intended to be funded 50% by the Federal Government and 50% by the Provincial Government; CSAP is intended to be funded approximately 70% by the Federal Government and 30% by the Provincial Government and; the New Crops Insurance and Unseeded Acreage Benefit programs are intended to be funded 60% by the Federal Government and 40% by the Provincial Government. Therefore, the amount recognized as revenue from the Federal Government is the appropriate percentage of the program expenses.

The Fund only administers the Provincial portion of the AIDA program and as a result, the Fund does not show any funding from the Federal Government for AIDA.

Funding received from the Province of Saskatchewan is not considered to be externally restricted because the entities are under common control. As a result, grant revenue from the Province of Saskatchewan is recognized when the grant criteria, if any, have been met.

Saskatchewan Agricultural Stabilization Fund
Notes to the Financial Statements
As at March 31, 2000

3. Due from Province of Saskatchewan General Revenue Fund

The New Crops bank account is included in the Consolidated Offset Bank Concentration arrangement for the Government of the Province of Saskatchewan. Interest is earned on these funds at the government's thirty day borrowing rate, and is based on the fund's average daily account balance. The average of the thirty day borrowing rate was 4.79% (1999 – 5.04%). The Province of Saskatchewan General Revenue Fund pays interest to the fund on a quarterly basis.

The AIDA Account funds are deposited in the General Revenue Fund. Interest is not paid on this account.

All other amounts represent short-term receivables from the Province of Saskatchewan General Revenue Fund.

4. Investments

The Fund's investments are:

Maturity	Interest Rate	Waterfowl Account	Big Game Account
April 12, 2000	4.15%	$200,000	$500,000
April 26, 2000	4.30%	400,000	500,000
May 31, 2000	4.70%	14,500,000	8,000,000
	TOTAL	$15,100,000	$9,000,000

5. Planned results

	Budget 1999-00 ($000)	Actual 1999-00 ($000)	Actual 1998-99 ($000)
Revenue			
New Crops Insurance	$1,200	$1,341	$1,081
Big Game Damage Compensation	1,200	1,705	1,578
Waterfowl Crop Damage Compensation	2,800	4,739	2,781
Agricultural Income Disaster Assistance	---	35,000	140,000
Unseeded Acreage Benefit	---	8,808	---
Canada-Saskatchewan Adjustment Program	---	260,000	---
Expenses			
New Crops Insurance	---	112	---
Big Game Damage Compensation	800	894	530
Waterfowl Crop Damage Compensation	2,000	4,323	520
Agricultural Income Disaster Assistance	70,000	105,000	70,000
Unseeded Acreage Benefit	---	8,808	---
Canada-Saskatchewan Adjustment Program	---	260,000	---

6. Fair value of financial assets and financial liabilities

The carrying amounts of the following financial assets and financial liabilities approximate fair value due to their short-term nature:

- Cash
- Investments
- Due from the Province of Saskatchewan General Revenue Fund
- Due from the Government of Canada
- Accrued interest and other receivables
- Accounts payable and accrued liabilities
- Due to Saskatchewan Crop Insurance Corporation
- Due to Government of Canada

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies and boards related to the Fund by virtue of common control by the Government of Saskatchewan.

The Saskatchewan Crop Insurance Corporation administers the Waterfowl, New Crops Insurance, Big Game Damage, Unseeded Acreage Benefit and Canada-Saskatchewan Adjustment accounts. The Fund will be charged administration fees by Saskatchewan Crop Insurance Corporation for the Canada-Saskatchewan Adjustment account.

Routine operating transactions with related parties are settled at prevailing market prices under normal trade terms. Other transactions with related parties and amounts due to or from them are described separately in the financial statements and notes.

In accordance with established government practice, the Fund has not been charged with certain occupancy, financing, administrative, and other costs. These costs have been absorbed by various departmental appropriations and, therefore, no provision for such costs is reflected in these financial statements.